

TESTIMONY

before the

Select Committee on Energy Independence and Global Warming

May 9, 2007

**Terrence V. Thomas
President and CEO
Community Bus Services
Youngstown, Ohio**

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Chairman Markey and Members of the Select Committee, my name is Terry Thomas and I am President and CEO of Community Bus Services in Youngstown, Ohio. My company provides school bus service under contract to 22 school districts in northern Ohio, transporting nearly 7,000 students daily, many of whom require specialized transportation services. Community Bus Service also operates the Niles-Trumbull Transit System, a demand-response public transportation service that provides door-to-door bus service to the transit-reliant citizens of Trumbull County, Ohio.

I am a past-president of the National School Transportation Association and currently serve as the Chairman of its Government Relations Committee. The NSTA represents private school bus contractors who operate one-third of the nation's 475,000 school buses. I also serve on the governing committee of the American School Bus Council, a coalition of all segments— public and private pupil transportation providers, manufacturers, and state policy leaders —of the school transportation industry. My remarks today are supported by all the members of ASBC.

I appreciate the opportunity to share with the committee my concerns about the effects of energy dependence and rising fuel costs on my family, my business, the school districts I serve, and the entire school bus industry.

The Role of School Buses in Education

Let me start by giving you a brief overview of school busing across the country. According to statistics from the U.S. Department of Education for school year 2002-2003 (the latest available), 56% of the 45 million public school students in the U.S. depend on school buses to access their education. That's 25 million children every school day—and that number does not include students who are not transported at public expense, such as many private and parochial school students. Public expenditures for pupil transportation in constant 2004 dollars totaled \$16.4 billion in 2003, compared to \$12.1 billion in 1990, when we were transporting 59% of our students. The per-pupil cost of transportation rose (again in constant dollars) from an average of \$565 in 1990 to \$654 in 2003. Note that these figures are for operating costs only; they do not include capital expenses, such as bus replacement. As you can see, transportation costs were rising steadily before the fuel crisis hit in 2005; they have spiked since then.

Each weekday approximately 475,000 yellow school buses travel the nation's roads. Our fleet is 2.5 times the size of all other forms of mass transportation—transit, intercity buses, commercial airlines and rail—combined. During the school year we make more than 50 million passenger trips daily, compared to public transportation's 32 million trips daily. And our buses are not idle

during the summer—we continue to transport students to and from summer school, specialized learning programs, summer camp, and other activities.

School buses not only ensure that children are able to access their education, but they also ensure that they travel to and from school safely. School buses are far safer statistically than any other mode of travel. Consider this: Among those 25 million students who ride the school bus, there are an average 20 fatalities a year. But among the 20 million students who go to school some other way, there are an average **800** fatalities a year. Teenagers are 44 times more likely to arrive at school alive if they ride the school bus than if they drive or ride with friends. But when faced with the need to cut service, school districts are most likely to discontinue high school transportation—thereby encouraging, or even forcing, teenagers into high-risk driving. We can't afford to put even more children at risk by cutting school bus service. On the contrary, for the sake of our children, public policy must support greater, not lesser, use of school buses.

The Role of School Buses in the Community

In addition to providing safe access to schools, school buses play an important role in mitigating traffic congestion and reducing pollution in their communities. If the average school bus represents 50 personal automobiles that are not being used to ferry children to and from school, imagine what would happen if a fleet of 25 buses in your town were suddenly pulled from service. More than a thousand more cars and trucks would flood the neighborhood streets and commuter highways during morning rush hour, clogging the roads, backing up traffic near schools, and spewing exhaust into the air. Multiply that by the larger numbers in larger cities, and you can see the important ways in which whole communities—not just parents and students—benefit from the use of school buses.

In addition, notwithstanding the poor mileage rating for school buses (8-11 mpg), one school bus uses significantly less fuel than 50 cars and SUVs. Given the size of the nation's school bus fleet, replacing even 25% with personal vehicles—that's 6 million more vehicles—would have a significant detrimental impact on the nation's fuel usage and energy dependence. The ramifications would be felt by all citizens, whether or not they have children in school.

School Transportation Funding

School transportation is funded almost entirely by state and local government. The federal government provides no funding source for routine home-to-school transportation or school activity transportation. (In fiscal year 2003, the first federal funds became available for school buses when the Environmental Protection Agency provided \$5 million for grants to reduce diesel emissions as part of their Clean School Bus USA program; approximately \$22 million has been distributed since then.)

States vary considerably in the percentage of transportation funding they provide to local school districts—from 0% to 100%. They also vary considerably in their funding mechanisms and their transportation requirements. Eleven states do not require school districts to provide transportation at all (with the exception of students with special needs), and of the others, some require it only for elementary students.

As state governments face their own cutbacks and decrease their expenditures, a larger burden falls on municipalities to support school transportation. Even though transportation represents just 4% of the total school budget on average, it is one of the first targets when districts must reduce expenditures, particularly in states where there is no mandate.

The Effect of Fuel Price Increases

From September 2004 to September 2005, the price of diesel fuel increased an average of 58%, almost a dollar a gallon. Though prices slipped back somewhat in 2006, they are on the rise again and in many areas, have reached or exceeded the 2005 highs. Also, contrary to past experience, diesel fuel prices are now more than 20 cents higher in most states than the price of regular gasoline. In addition, the industry is having to absorb the increased cost of the new ultra low sulfur diesel fuel and new clean diesel engines mandated under Federal law, which will greatly reduce harmful emissions from the Nation's diesel fleet but which add more than \$6,000 to the cost a new school bus. While high fuel costs affect all modes of transportation, other transportation modes are better able either to absorb the costs or to pass them on in the marketplace. Neither school districts nor their transportation contractors are able to pass on the increased costs to the students they drive to and from school every day. That means that school districts have had to find other ways to respond, most of which now involve some reduction of service.

As this crisis has been going on now for almost three years, the industry has already implemented all of the fuel-saving tricks in our bag. Both private and public operations have eliminated unnecessary idling, rerouted buses for efficiency, consolidated bus stops, trained drivers in fuel-efficient driving practices, increased maintenance for fuel economy, and reduced deadheading. Many of us have changed the way we buy fuel—installing larger tanks for bulk purchase, for example, or even hedging fuel purchases.

When these tactics proved to be insufficient, schools turned to more drastic measures. Many, like the Troy, Michigan district, eliminated sports and activity trips. Others, like several districts in Massachusetts, began to charge parents for bus service. In Ohio, home-to-school transportation was eliminated for 80,000 students in large measure, though not exclusively, due to fuel costs. In Tennessee and Georgia, schools closed for two days to conserve energy and fuel. In Kentucky, some schools went to four-day weeks.

One of the more common responses has been to shift students from dedicated school bus service to public transit. Whatever the savings are when this occurs, they are much less than the increased risk to students when they are thrust into the uncontrolled environment of public transit. The superiority of school bus equipment as well as driver qualification, training and responsibilities, plus the exclusive nature of school bus service, combine to provide our children with a controlled environment that offers protection no public transit service can match. Parents understand this, and in many districts—such as New York City—they refuse to accept the administration's decision to exchange school buses for public bus passes.

Unfortunately, schools have few choices. They must either raise more money or cut expenses. In too many districts, there are no more easy cuts. So districts turn to local voters for relief, but voters are not always sympathetic. When voters in Randolph, Massachusetts, rejected the school budget, the district eliminated school bus service. In Pasadena, budget cuts are forcing elementary students to walk two miles along a busy highway to get to school. In Seneca Valley, Pennsylvania, the increased cost of fuel resulted in a bond issue that will cause a 4.26 jump in the mill rate; and in the Strasburgh-Franklin, Ohio, district, increased fuel costs requires a 7.7 mill emergency operating levy. If the levy fails, the board has decided to discontinue extracurricular and athletic supplemental activities, increase class sizes, cut seven teachers, and discontinue services such as a school nurse, special education coordinator, gifted coordinator and technical support.

The consequences of transportation cuts are serious. Without consistent, reliable, safe transportation, student attendance suffers. Many parents are not able to provide rides for their kids; their own jobs do not allow them the flexibility they need, particularly for afternoon pickups. Other parents simply leave their workplace in order to get their children to and from school—a practice that has ramifications for employers. Students who rely on the schools for breakfast rely on the bus to get them there; and without the bus, they also lose out on what may be their best meal of the day.

Congestion, pollution, excessive fuel consumption, inconvenience to parents and employers, inconsistent attendance and interruptions in educational progress—all of these result from reductions in school bus service. But the number one reason to ensure that school buses keep running—and in fact to increase the service—is student safety. It's those 800 kids a year who die because they did not take the bus. We in the industry and we as a society can't allow that number to increase, which it surely will if we don't preserve and maintain our school bus system.

What Can We Do?

Clearly the increase in fuel costs and our energy dependence affects more than school transportation. We know that Congress is tackling this issue on many fronts, and our industry has supported efforts to increase supply through more refinery capacity and reasonable exploration of oil, and to protect consumers against price gouging. The school bus industry has been one of the first to incorporate biodiesel as a way to reduce pollution and stretch diesel fuel. Our manufacturers are producing more alternative vehicles, including new hybrid buses. But these are long-term solutions; they are not realistic measures for school districts or contractors in the immediate future.

There are some possible relief measures, though, which I would like to suggest:

- 1) The Congestion Mitigation and Air Quality (CMAQ) Program, administered by FHWA, is a grant program to the states funded through the Highway Trust Fund. Our industry has asked FHWA to encourage states to include the purchase of new school buses in their grant programs. As I stated earlier, increasing school bus fleets, whether they are publicly or privately owned, is an effective way to reduce congestion and pollution. We have also asked FHWA to undertake a

national public education campaign to encourage greater use of school buses as a way to cut down on the use of personal vehicles.

2) We support Federal assistance to school districts to offset the increased cost of fuel, such as offered last year by Congressman Baca's bill (H.R. 4158) to provide up to \$50 million per year in grants to our poorer school districts to help pay for school-related energy costs, including for transportation fuels. We understand that Rep. Baca is reintroducing his bill this week and we support its favorable consideration by the Congress. Such assistance must be available to all districts, whether they operate their own vehicles or contract for that purpose.

3) We propose that Congress enact an investment tax credit and other incentives for school bus manufacturers to encourage production of energy-efficient and alternative-power buses. We understand that the Senate Energy and Natural Resources Committee is moving legislation (S. 1115) that would allow vehicle manufacturers to take advantage of Federal grants and loan guarantees to assist in expanding energy-efficiency manufacturing.

4) We propose that Congress enact an energy tax credit for school bus companies to encourage purchase of cleaner, more energy-efficient fleets and the infrastructure necessary to operate them. The Energy Policy Act of 2005 contained tax incentives for a variety of alternative-fueled vehicles but did not address the overwhelming vehicle of choice in the school bus industry—diesel powered buses that provide the most reliable and durable vehicle at the lowest cost to school districts. The existing tax credits should be expanded to include diesel vehicles which are vastly improved over older models in terms of emissions, while providing the best fuel economy using the new cleaner burning ultra low sulfur fuel.

5) We encourage Congress to provide funding for Federal mandates on the school bus industry. New safety standards, environmental standards, and security standards, for example, create increased costs that make school transportation less affordable and contribute to reductions in service. The House has passed the Rail and Public Transportation Security Act (H.R. 1401) legislation that includes a provision to require that the Department of Homeland Security undertake a thorough threat assessment of the Nation's school bus fleet. This is the first step in providing access to Federal funds dedicated to addressing security threats. Thus far, the public and private school bus community have had to bear essentially all of the cost of increasing security needed to meet potential terrorist and other threats.

In closing, I would like to make one important point: As fuel costs go up due to the increased cost of energy, everyone feels the burden, including parents who pay for gas to drive their children to school. Already schools are seeing a difference; in a recent survey, 60% of districts reported an increase in ridership presumably due to fuel prices. The higher fuel prices go, the more attractive riding the bus becomes. Unfortunately, schools and their contractors are caught in a difficult financial irony: they are being asked to accommodate more students for the same reason that they are being forced to cut service. It's a situation that can't be resolved without additional resources.

Conclusion

On behalf of my colleagues in all sectors of school transportation, I want to thank the Committee for this opportunity to provide some insight into our industry and share our concerns. School buses are easily taken for granted in this country—until they are gone. The loss of school bus service affects more than our children; it affects our schools, our communities, and our nation with the resulting increased congestion, pollution, and energy use. But it affects our children the most. Without dedicated school buses, our children are at far greater risk of losing not only their access to education, but their lives.

We urge Congress to work with us to ensure that safe school transportation remains a viable option for all schools. States and local municipalities can no longer do this on their own; they need your help. We remind Congress that the nation's school buses comprise a larger mass transit system than public transportation, and is every bit as worthy of Federal financial support.

As a nation, we cannot continue to ignore the 800 children who die every year because they are not in a school bus; we certainly can't allow that number to increase. Help us find the means to keep yellow buses on the road.

Thank you for your attention and consideration. I will be happy to respond to questions from the Committee.